

Bright Start[®] College Savings Pool Investment Policy Statement

I. Statement of Purpose of Investment Policy

The purpose of this Statement is to assist contractors retained by the Treasurer to provide services related to the management of the assets of the Bright Start[®] College Savings Pool (the “Pool”) and to assist the Treasurer’s Office in evaluating the performance of such contractors by:

- Describing the Treasurer’s investment objectives;
- Providing general guidelines for the investment of assets of the Pool;
- Describing the Treasurer’s long-term investment strategy;
- Describing the process of evaluating the performance of contractors that provide investment management services to the Pool; and
- Specifying the responsibilities of any contractors that provide investment management services to the Pool.

This is the official Investment Policy Statement of the Pool. Deviation from this Policy is not permitted without prior, explicit, written permission from the Treasurer.

II. Establishment and Authority of Entity

The Pool has been established as a “qualified tuition program” in accordance with Section 529 of the Internal Revenue Code of 1986, as amended. It was established to provide families with a new opportunity to invest toward future college education expenses.

III. Investment Philosophy

The Treasurer has adopted a long-term total return strategy regarding the Pool and its investments. In order to achieve the Pool’s objectives, investments shall be diversified so as to minimize the risk of loss. While some asset classes may experience short-term and intermediate-term volatility, their long-term return assumptions justify their inclusion. A long-term focus on investment results as well as prudent diversification across public security markets will be the primary risk control mechanisms.

In its investment strategy, the Treasurer has relied on prevailing financial theory, which currently utilizes a long-term diversified asset allocation strategy. A prudently allocated investment program possesses a significant level of diversification, which produces risk reduction. In terms of impact, diversification shall be considered along the following lines: (1) asset classes (stocks, bonds, cash, etc.), (2) geography/country, (3) industry, and (4) maturity.

Contributions to the Pool will be directed to one of nineteen portfolios (the “Portfolios”), each with a designated mix of investments. The determination of the investment parameters of each Portfolio shall be made by the Treasurer and shall take into account the financial characteristics of the investments in the Pool. The investment parameters will also give due consideration to the fact that the investment horizon for Account Owners will vary from a few months to over 18 years.

The Treasurer will review the investment performance of each Portfolio at least quarterly and shall review this Investment Policy Statement at least annually.

The holdings of the Pool and the Portfolios are divided into the following broad asset categories:

- A. Short-term Investments
- B. Fixed-Income Securities
- C. Large Capitalization U.S. Stocks
- D. Small Capitalization U.S. Stocks
- E. International Stocks

The Treasurer will establish reasonable guidelines for each Portfolio, specifying (as applicable) limits on asset and asset class exposures. While the investment parameters offered under the Pool are developed by the Treasurer, Account Owners bear the risk of investment results. Individual Account Owners who seek investments materially different from those offered may wish to select an investment alternative outside of the Pool.

The administration and offering of the Pool should not be relied upon as a guarantee to Account Owners. Each Account Owner should seek appropriate advice, as he or she deems necessary.

IV. Investment Objectives

The overall investment program for the Pool and, as applicable, the individual Portfolios provided to the Account Owners shall seek to achieve the following long-term investment objectives:

- A. A long-term competitive rate of return on investments that is equal to or exceeds a return of the applicable benchmarks shown in Section VII hereof.
- B. A long-term competitive rate of return on investments through indexed fund portfolios that correspond to the applicable benchmarks shown in Section VII hereof.
- C. An investment program flexible enough to meet the needs of Account Owners based upon their age or investment objective or the age of the beneficiary and which provides each individual with the ability to invest in a diversified portfolio to meet his or her long-term investment goals.

V. Investment Responsibilities

The Treasurer is responsible for the investment policy, the direction of investments and administration of the assets of the Pool. In order to properly carry out his responsibilities, the Treasurer may rely on one or more contractors to assist in the administration of the Pool. The Treasurer has engaged, and plans to rely heavily on, OppenheimerFunds, Inc. (the “*Manager*”) for various investment management and related administrative services. Among the current responsibilities of the Manager is the implementation of the investment strategy outlined in this Policy and the rebalancing of the Portfolios when market movement and/or cash flows cause an asset class to be outside its policy allocation bands. The Treasurer's Office and the Manager shall meet quarterly to review portfolio performance as compared to the applicable benchmarks and peer group performance.

In managing the investments of the College Savings Pool and the Portfolios, the Manager agrees that it will act with the skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like objectives.

VI. Investment Parameters

Contributions will be invested in one of nineteen Portfolios, each with a designated mix of investments that is appropriate for the investment objective of the Portfolio. Each Portfolio allocates assets in a combination of underlying investments investing in large capitalization U.S. stocks, small capitalization U.S. stocks, international stocks, fixed-income and short-term investments. The asset allocation of each Portfolio will be established by the Treasurer and managed by the Manager. The Treasurer may adjust the weighting in stocks, bonds and cash in each Portfolio and may change the underlying investments within the Portfolios consistent with this Investment Policy Statement and its agreement with the Manager.

The policy target asset allocations and benchmarks for the underlying investments within the Portfolios are shown below. There is a permissible range of plus or minus 5% around the target allocation for each underlying investment.

Actively Managed Age Based Portfolios

Underlying Investment Category	Benchmark	#1 Portfolio (0-6 yrs)	#2 Portfolio (7-9 yrs)	#3 Portfolio (10-11 yrs)	#4 Portfolio (12-14 yrs)	#5 Portfolio (15-17 yrs)	#6 Portfolio (18+ yrs)
Large Cap Equity	Russell 3000 Index	67.50%	52.50%	45.00%	37.50%	22.50%	7.50%
Small Cap Equity	Russell 2000 Index	9.00%	7.00%	6.00%	5.00%	3.00%	1.00%
International Equity	MSCI EAFE Index	13.50%	10.50%	9.00%	7.50%	4.50%	1.50%
Core Bond	LB Aggregate Bond Index	10.00%	17.50%	25.00%	25.00%	30.00%	20.00%
US Government	LB Government Bond Index	0%	12.50%	10.00%	15.00%	15.00%	15.00%
Short term bond	LB 1-3 Yr. Government Bond Index	0%	0%	5.00%	10.00%	15.00%	40.00%
Money Market	3-Month T-Bill	0%	0%	0%	0%	10.00%	15.00%

Index Age Based Portfolios

Underlying Investment Category	Benchmark	#1 Portfolio (0-6 yrs)	#2 Portfolio (7-9 yrs)	#3 Portfolio (10-11 yrs)	#4 Portfolio (12-14 yrs)	#5 Portfolio (15-17 yrs)	#6 Portfolio (18+ yrs)
Large Cap Equity	Russell 3000 Index	67.50%	52.50%	45.00%	37.50%	22.50%	7.50%

Small Cap Equity	Russell 2000 Index	9.00%	7.00%	6.00%	5.00%	3.00%	1.00%
International Equity	MSCI EAFE Index	13.50%	10.50%	9.00%	7.50%	4.50%	1.50%
Core Bond	LB Aggregate Bond Index	10.00%	20.00%	30.00%	40.00%	50.00%	70.00%
US Government	LB Government Bond Index	0%	0%	0%	0%	0%	0%
Short term bond	LB 1-3 Yr. Government Bond Index	0%	0%	0%	0%	0%	0%
Money Market	3 Month T-Bill	0%	10.00%	10.00%	10.00%	20.00%	20.00%

Active Fixed Income, Equity or Balanced Options

Underlying Investment Category	Benchmark	Fixed Portfolio	Equity Portfolio	Balanced Portfolio
Large Cap Equity	Russell 3000 Index	0%	75%	37.50%
Small Cap Equity	Russell 2000 Index	0%	10%	5%
International Equity	MSCI EAFE Index	0%	15%	7.50%
Core Bond	LB Aggregate Bond Index	100%	0%	50%
US Government	LB Government Bond Index	0%	0%	0%
Short term bond	LB 1-3 Yr. Government Bond Index	0%	0%	0%
Money Market	3 Month T-Bill	0%	0%	0%

Index Fixed Income, Equity or Balanced Options

Underlying Investment Category	Benchmark	Fixed Portfolio	Equity Portfolio	Balanced Portfolio
Large Cap Equity	Russell 3000 Index	0%	75%	37.50%
Small Cap Equity	Russell 2000 Index	0%	10%	5%
International Equity	MSCI EAFE Index	0%	15%	7.50%
Core Bond	LB Aggregate Bond Index	80%	0%	40%
US Government	LB Government Bond Index	0%	0%	0%
Short term bond	LB 1-3 Yr. Government Bond Index	0%	0%	0%

Money Market	3 Month T-Bill	20%	0%	10%
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Each active Portfolio's return objective is to equal or exceed, over a three-year rolling period, the return of the applicable benchmark. Volatility, measured by the standard deviation of quarterly returns over that period, is expected to be similar to the benchmark. Each underlying investment is also expected to perform favorably relative to its peer group.

To the extent that the assets of an Portfolio are invested in one or more underlying investments approved by the Treasurer having investment objectives consistent with the above-noted asset allocation categories, the above-noted percentage guidelines shall be deemed satisfied. This shall be the case even if such an underlying investment's assets may not be entirely invested in the asset class in which such underlying investment has been placed.

Principal Protection Income Option Portfolio

The Principal Protection Income Option Portfolio is a separate Portfolio managed primarily as a diversified portfolio of investment grade readily marketable U.S. government securities, foreign government securities, corporate fixed-income securities, mortgage related securities and asset-backed securities of domestic and foreign issuers, that attempts to reduce significantly under normal circumstances fluctuations in the value of its assets, other than money market securities and money market fund securities, by entering into one or more contracts (known as "Wrapper Agreements"), each with a financial institution such as an insurance company or a bank whose long-term credit rating is in the highest two categories as determined by Standard and Poor's and Moody's. A Wrapper Agreement enables the Principal Protection Income Option Portfolio, regardless of market fluctuations, to value the assets of the Portfolio covered by the Wrapper Agreement at their book value. The Principal Protection Income Option Portfolio may invest in interest only or principal only securities, long and short positions in exchange-traded futures, exchange-traded options (i.e. puts and calls) on futures, and the writing of covered calls on exchange-traded futures, for the express purpose of managing Portfolio interest rate risk.

A portion of each Portfolio may be invested in repurchase agreements, shares of a money market mutual fund, or other money market instruments and accounts to provide flexibility in meeting redemptions, expenses and the timing of new investments.